GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:291
ANSWERED ON:12.08.2005
CRISIS IN COTTON TEXTILE INDUSTRY
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Will the Minister of TEXTILES be pleased to state:

(a) whether cotton textile industry in the country is facing grave crisis and a number of mills are on the verge of closure;

(b) if so, whether the Government has identified the factors responsible for the crisis in the cotton textiles industry in the country;

(c) if so, the details thereof;

(d) the steps taken by the Government to bail-out the said industry from the crisis and to provide assistance to it; and

(e) the success achieved by the Government as a result of steps taken in this regard?

Answer

MINISTER OF TEXTILES(SHRI SHANKERSINH VAGHELA)

(a) to (e): A Statement is laid on the Table of the House.

The Statement referred to in reply of the Lok Sabha Starred Question No. 291 regarding crisis in Cotton Textile Industry for answer on 12.8.2005.

(a) The trend in production of cotton products does not indicate any crisis situation in the cotton textile industry. The details are as follows:-

Production of Cotton fibre, yarn, fabric for the last three years

Production of Cotton items	Unit	2002-03 (P)	2003-04	2004-05
Fibre	Million kg	2312	3009	3944
Yarn	Million kg	2177	2121	2272
Fabrics	Million Sq. meter	19300	18040	20578

Cotton Year(October-September)

(b) Does not arise.

(c) Does not arise.

(d) Some of the important steps taken by the Government to provide assistance to the cotton textile industry are furnished in Annexure-I.

(e) The said measures have strengthened the cotton textile industry as can be observed in the increase in production and export.

Annexure-I

Measures taken by the Government in the recent past to help the cotton textile sector

To improve productivity and quality of cotton for manufacture and export of competitive downstream textile products, Government has launched the Technology Mission on Cotton (TMC). The Mission has achieved success in increasing the productivity and reducing the contamination through upgradation of cotton market yards and modernisation of Ginning & Pressing factories.
The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector. The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry. The cost of machinery has been further brought down by reducing the customs duty on imports.

For speedy modernisation of the textile processing sector, Government has introduced w.e.f. 20.04.05, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.
For the decentralised powerloom sector, Government has enhanced, w.e.f. 13.01.05, the capital ceiling for machinery from Rs. 60.00 lakh to Rs. 100.00 lakh under 20% capital subsidy scheme-TUFS.
For small scale textile and jute industrial units, Government has enhanced, the rate of Credit Linked Capital Subsidy (CLCS) from 12% to 15% w.e.f. 13.01.05.
"Apparel Parks for Exports Scheme"[a centrally sponsored scheme] has been launched with a view to imparting focused thrust for setting up of apparel manufacturing units of international standards at potential growth centres and to give fillip to exports. Under the Scheme, Government gives grant upto Rs.17 crores per apparel park for infrastructure work, training and common facilities.
"Textile Centers Infrastructure Development (TCIDS) Scheme" [centrally sponsored] has been introduced with the objective of modernizing infrastructure facilities at major traditional textile centres of the country. Government of India gives grant upto Rs.20 crores for a particular centre.
In order to facilitate modernisation of the Powerloom Sector, Schemes such as High-tech Weaving Parks, Modernisation and Strengthening of Powerloom Service Centers, Group Workshed Scheme and Credit Linked Capital Subsidy Scheme @ 20% have been introduced.
In 2004-05 Budget, the entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty. In 2005-06 Budget, Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.
To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime, in 2005-06 Budget, the customs duty on textile machinery has been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%. The concessional duty of 5% continues to be at 5% on most of the machinery items.
#In 2005-06 Budget, 30 items of knitting and knitwear have been de-reserved. This would facilitate setting up of large sized modernized units for meeting the international competition.